Appl. No. 10/021,292
Amdt. dated September 15, 2003
Amendment under 37 CFR 1.116 Expedited
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REMARKS/ARGUMENTS

Amendments

The claims are not modified in this response to the final Office Action. Therefore, claims 1-27 are present for examination.

35 U.S.C. §103 Rejection, Watkins

The final Office Action has again rejected claims 1-27 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,347,305 to Watkins et al. in view of U.S. Patent No. 6,438,586 to Hass and further in view of U.S. Patent No. 6,408,204 to Hilt. Applicants believe a *prima facie* case of obviousness has not been properly set forth in the final Office Action with regard to a rejection of claims 1-27. The patent office is charged with putting forth a *prima facie* showing of obviousness. The basic test is excerpted below:

> "To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations." See MPEP §2143, Original Eighth Edition, August, 2001, Latest Revision February 2003.

Applicants believe the rejection has flaws with all three prongs of the above test for establishing a *prima facie* case of obviousness.

Teachings Missing from the Cited References

With regard to the third prong of the test, Applicants believe the cited sections of Watkins ("Watkins"), the cited sections of Hass et al. ("Hass"), and the cited sections of Hilt et al. ("Hilt") do not, either alone or in combination, teach or suggest the invention in the claims. More specifically, none of Watkins, Hass or Hilt teach or suggest: (1) receiving subscription

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type information for the recurring transfers as required by claims 1, 11 and 17; (2) waiting a period of time before the transfer and canceling the transfer if the payor declines in that period of time as required by claim 17; and (3) transfer of money from the handler to a stored value fund and transfer from the stored value fund to the payee as generally required by claims 1, 11, and 17. For least these reasons, Applicants respectfully request for reconsideration of the rejection to the claims.

Summary of Cited References

Watkins addresses allowing payroll deductions to finance purchases. According to a payday schedule, money is deducted from a payor's paycheck. Deductions in this manner are not transfers. The amount in the paycheck is merely reduced. Presumably, at some point, the merchant/payee is paid for the goods corresponding to the deductions, but it is not clear from Watkins how this is handled. For example, one could surmise that the transfer to the merchant/payee is performed after all the paycheck deductions have occurred.

Hass relates to a method for communication between a plurality of processors. Files are transferred to effectuate this communication. These files appear unrelated to the transfer of money. There is no contemplation of online money transfers in this reference. Hass is non-analogous art.

In Hilt, a bill pay system is described. This system presents each bill to the payor for manual approval of the pay order. The approved bills are paid with bank account money transfers for the approved amount. A payment message can be cancelled out where the source account has non-sufficient funds (NSF). The payor has no ability to cancel an approved bill. Some embodiments of Hilt use a settlement bank 128 between the payor bank 16 and the payee bank 18, but this is not a stored value fund, but merely a settlement account.

First Missing Limitation: Subscription Type Information

Claims 1, 11 and 17 require receiving subscription type information for the recurring transfers. None of the references contemplate recurring transfers being performed automatically. Hilt is cited by the Office Action for teaching this limitation because a bill payment order contains a payment amount and a date. See Hilt, col. 13, lines 60-62. Applicants

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believe reliance on Hilt for this teaching is not reasonable. Hilt does teach manual approval by the payor of a bill pay order with a specified amount with a desired transaction date, but that is not the same thing. The specified amount is determined by the payee in Hilt and it is not a limit, but a set amount. There is no reason an amount less than the specified amount would be used, such that there is no defined limit. Further, the desired transaction date in Hilt is just that and not a time period.

Hilt is further cited for teaching subscription information based upon the use of the term "transaction counts" in Fig. 6. These words appear no where in the text of the Hilt and no explanation of these terms is given in the discussion of Fig. 6. Applicant has no idea why transaction counts are determined as processing totals, perhaps it is mere status information, but, in any event, there is no limit or subscription type information that can be implied from use of this term in Fig. 6. Applicants believe reliance upon Hilt to teach subscription type information that limits transfers is not reasonably supportable.

Second Missing Limitation: Veto Period

Claim 17 waits a period of time to allow the *payor* to decline the transfer. As can be appreciated by those skilled in the art, when subscription payments are configured to be automatically paid, the payor may want to cancel the subscription when reminded of a soon to be executed payment. The claim requires "waiting a period of time." Hilt does automatically cancel a transfer where there is NSF, but this is not what is claimed. See col. 16, l. 58-61; and col. 17, l. 55 through col. 18, l. 9. There is no waiting a time period in this Hilt just a variable delay associated with the administrative handling of the bank transfer. Further, it is the payor bank that generates the NSF condition that would cancel the transfer. The claim allows the payor to decline the transfer within the period of time. The payor is not given the ability to cancel a bill once approved as required by claim 17.

Third Missing Limitation: Two Transfers

Claims 1, 11 and 17 generally requires two transfers. One to from a handler to a stored value account and another from the stored value account to the payee. Watkins is apparently cited in the Office Action for the first transfer and Hass is apparently cited for the

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second transfer in section 6 of the final Office Action and Hilt is cited for two transfers in section 9 of the final Office Action. Applicants believe the file transfer of Hass does not in fact effectuate the transfer of money as is required by the claims. Further, Hilt teaches use of a settlement bank 128 between the payor bank 16 and the payee bank 18, but the settlement bank 128 of Hilt is not a stored value account as is claimed. Neither the payor or payee have access to the settlement bank 128 such that it cannot act as a stored value account.

Motivation to Combine Watkins & Hass

The first prong of the test requires, a suggestion or motivation to combine references to avoid hindsight reconstruction of the claimed invention based upon the information disclosed in the present application. The last four sentences of section 6 of the Office Action appear to address the motivation to combine Watkins, Hass and Hilt, but the Applicants cannot discern the nature of this argument. The following excerpt is believed apt in the present case:

"In the instant application, the examiner has done little more than cite references to show that one or more elements or subcombinations thereof, when each is viewed in a vacuum, is known. The claimed invention, however, is clearly directed to a combination of elements. That is to say, appellant does not claim that he has invented one or more new elements but has presented claims to a new combination of elements. To support the conclusion that the claimed combination is directed to obvious subject matter, either the references must expressly or impliedly suggest the claimed combination or the examiner must present a convincing line of reasoning as to why the artisan would have found the claimed invention to have been obvious in light of the teachings of the references." Ex parte Clapp, 227 USPQ 972, 973 (B.P.A.I. 1985)

No Motivation to Use Hass in any Combination

With regard to Hass, it is not clear how communication between processes taught in Hass would have any applicability to recurring money transfers. Any general motivation in Hass does not address the specific combination of elements from Hass with the other references. It is not clear how the cited portion in the summary section of Hass that relate to storage systems

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and transferring information would provide any motivation for one of ordinary skill in the art to combine these references.

Further, Hass is non-analogous art and not directed to the particular problem for which the invention is concerned. The following excerpt is quoted and explained in MPEP, Original Eighth Edition Rev 1, February 2003, § 2141.01(a):

"In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of the applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." *In re Oetiker*, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992)

As Hass is non-analogous art, it has nothing to do with the problems solved by the invention. Hass relates transferring information between processes running on different host processors. *Hass*, col. 1, l. 6-9. There is no contemplation in Hass of money transfers, let alone recurring money transfers. It would not occur to one of ordinary skill in art to even look to Hass for any teachings relating to money transfers.

No Motivation to Use Hilt in Any Combination

The motivation to combine Hilt with the other references is the following cited sentence: "An improved bill paying system is provided by virtue of the present invention." Hilt is a bill payment system, Hass is a payroll deduction payment method, and Watkins is a data storage system. Limitations from Hilt are combined from the other references. How could one skilled in the art be motivated to make that specific combination with only the general motivation to improve a bill paying system?

Hindsight Reconstruction

The only way this combination of Watkins, Hass and Hilt makes any sense is to use the Applicant's claims as a template, which is impermissible hindsight reconstruction. Specific motivation relevant to the claimed limitations is respectfully requested in any further office action.

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Reasonable Likelihood of Success in Combining Watkins, Hass & Hilt

The second prong of the test requires a reasonable likelihood of success. Combining the payroll deduction of Watkins with the data storage method of Hass and the bill payment system of Hilt is confusing to explain, at best, and requires major modifications to each reference. Payroll deduction systems and bill payment methods of Watkins and Hilt are very different from the file transfer systems of Hass. Such major modifications these references would have little likelihood of success. How would one of ordinary skill in the art hope to combine these references with any likelihood of success? The combination would produce a payroll deduction system that would have a data storage system running on a plurality of host processors that could also allow bill payment functionality. One of ordinary skill in the art would not be able to these references in the suggested manner with any likelihood of success.

35 U.S.C. §101 Rejection

Claims 10, 16 and 20 are rejected under 35 U.S.C. §101 as they allegedly lack utility and fail to describe a concrete, useful and tangible output. These claims in question are dependent computer program product claims or, so-called, Beauregard claims. The claimed item is embodied on a computer-readable medium that includes computer-executable instructions for performing the steps recited in their respective parent method claim. The concrete, useful and tangible output includes the substantial utility of transferring value between parties when the program instructions are executed. As those skilled in the art appreciate, the transfer of value is the heart of commerce and the software that effectuates this process is of equal value.

It is now well settled law that Beauregard claims have utility. To wit, "the Commissioner now states 'that computer programs embodied in a tangible medium, such as floppy diskettes, are patentable subject matter under 35 U.S.C. Section 101 and must be examined under 35 U.S.C. Sections 102 and 103.'" *In re Beauregard*, 35 USPQ2d 1383, 1384 (CAFC 1995). Accordingly, Applicants respectfully request the rejection of Claims 10, 16 and 20 be reconsidered. Further, more specificity is requested on why these Beauregard claims are considered to have no utility.

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CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. Reconsideration of the rejections and issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

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